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ABSTRACT

One of thirteen individualized courses included in a marketing curriculum, this course covers control of expenses, inventory control, analysis of financial statements, and government regulations pertaining to business. The course is comprised of three units: (1) Fundamentals of Finance, (2) Merchandise Finance and Control, and (3) Food and Beverage Control. Each unit begins with a Unit Learning Experience Guide that gives directions for unit completion. The remainder of each unit consists of Learning Activity Packages (LAP) that provide specific information for completion of a learning activity. Each LAP is comprised of the following parts: objective, evaluation procedure, resources, procedure, supplemental sheets, study guide, and a LAP test with answers. The course is preceded by a pretest which is designed to direct the student to units and performance activities. (LRA)

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MOUNTAIN PLAINS LEARNING EXPERIENCE GUIDE:

Marketing.

Course: Business Finance and Control.

U S DEPARTMENT OF HEALTH, EDUCATION & WELFARE
NATIONAL INSTITUTE OF EDUCATION

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Mountain-Plains Education & Economic Development Program, Inc.
Havre AFB, Montana 59501

Learning Experience Guide

COURSE: BUSINESS FINANCE AND CONTROL

DESCRIPTION:

This course covers control of expenses, inventory control, analysis of financial statements, and government regulations pertaining to business.

RATIONALE:

Mid-management personnel must have a working knowledge of the financial aspects of a business in order to minimize expenses and maximize profits.

PREREQUISITES:

Math Skills at Level H
Communication Skills at Level J
Account 24.01, 24.02

OBJECTIVES:

Identify the fundamental concepts and practices used in business finance and control of costs. Demonstrate an ability to solve problems related to finance and cost control.

RESOURCES:

A resource list is attached.

GENERAL INSTRUCTIONS:

All students complete Unit .01.
Merchandise mid-management students complete Unit .02.
Food and Lodging mid-management students complete Unit .03.

Principal Author(s): B. Egan

UNIT TITLES:

.01 Fundamentals of Finance
.02 Merchandise Finance and Control
.03 Food and Beverage Control

EVALUATION PROCEDURE:

Mid-management students will answer the course test questions pertaining to Units .01 and .02. Students taking Course .12 as support to another Curriculum Area will answer all questions on the course test.

FOLLOW-THROUGH:

Upon completion of this course, contact the instructor for instructions regarding further study.

RESOURCE LIST

Printed Materials

1. Business Principles and Management (text and study guide). Bernard A. Shilt, Kenneth E. Everard and John M. Johns, South-Western Publishing Company, 1973.
2. Food and Beverage Cost Controls (text and workbook). Bruno Maizel, ITT Educational Services, 1971.
3. Retail Merchandising (text and study guide). John W. Wingate and Harland E. Samson, South-Western Publishing Company, 1968.

Audio/Visuals

none

Equipment

1. Cash register.

COURSE PRETEST ANSWER KEY: BUSINESS FINANCE AND CONTROL

Occupational Area:
File Code: 27.12.00.00.A2-2
Name:

ANSWERS

.12.01.01	1. b		27.12.01.05	21. c		27.12.02.02	41. c
	2. c			22. d			42. c
	3. c			23. c			43. b
	4. b			24. a			44. b
	5. d			25. c			45. b
.12.01.02	6. a		27.12.01.06	26. b		27.12.02.03	46. a
	7. a			27. a			47. d
	8. d			28. c			48. d
	9. d			29. b			49. b
	10. d			30. b			50. d
.12.01.03	11. b		27.02.01.07	31. b		27.12.03.01	51. a
	12. d			32. b			52. a
	13. b			33. a			53. c
	14. b			34. b			54. a
	15. a			35. b			55. d
.12.01.04	16. d		27.12.02.01	36. d		27.12.03.02	56. b
	17. a			37. a			57. a
	18. a			38. b			58. c
	19. b			39. d			59. a
	20. a			40. b			60. d

COURSE PRETEST ANSWER KEY: BUSINESS FINANCE AND CONTROL

Occupational Area: _____
File Code: 27.12.00.00.A2-2
Name: _____

ANSWERS

7.12.03.03

61. b	81.	101.
62. b	82.	102.
63. d	83.	103.
64. c	84.	104.
65. c	85.	105.
66.	86.	106.
67.	87.	107.
68.	88.	108.
69.	89.	109.
70.	90.	110.
71.	91.	111.
72.	92.	112.
73.	93.	113.
74.	94.	114.
75.	95.	115.
76.	96.	116.
77.	97.	117.
78.	98.	118.
79.	99.	119.
80.	100.	120.

Student: _____ File Code: 27.12.00.00.A2-2

Date: _____ Date Published: 8/5/75

COURSE POST TEST: BUSINESS FINANCE AND CONTROL

27.12.01.01

1. "Fixed capital" is the term applied to:

   a. the excess of current assets over current debts.
   b. money invested into real estate, fixtures for the company.
   c. the borrowing of money wisely.
   d. the credit used to run a business.

2. What term refers to those assets and debts which have a life of one year or less?

   a. Working Capital.
   b. Past.
   c. Current.
   d. Equity.

3. Which is most important when running a business?

   a. Current assets.
   b. Fixed capital.
   c. Working capital.
   d. Assets cost.

4. Those who have loaned capital to a business have a claim against assets in the business; it is called:

   a. liabilities.
   b. equity capital.
   c. working capital.
   d. fixed capital.

5. When a business borrows money based upon its owned capital, the process is known as:

   a. cash flow.
   b. leverage.
   c. sales protection.
   d. trading on its equity.

27.12.01.02

6. When selecting a bank, the first important factor to consider is the bank's:

   a. integrity.
   b. size.
   c. type.
   d. how new is it.

7. When a commercial bank offers all of the services permitted by the state, it is sometimes referred to as a:

   a. Full-Service Bank.
   b. Mutual Savings Bank.
   c. Federal Reserve Bank.
   d. Member Bank.

8. A bank that is owned by the depositors and is operated primarily for their benefit is called a:

   a. National Bank.
   b. Federal Reserve Bank.
   c. Security State Bank.
   d. Mutual Savings Bank.

9. A corporation which will receive property from individuals and manage the property for the benefit of the person is called a:

   a. Federal Reserve Bank.
   b. Commercial Bank.
   c. Mutual Savings Bank.
   d. Trust company.

10. State banks are governed by the laws of:

   a. the Federal Government.
   b. their Board of Directors.
   c. no one.
   d. their respective states.

27.12.01.03

11. Damage caused to another's property by one's automobile will be covered by:

   a. collision.
   b. property damage.
   c. liability.
   d. plate glass.

27.12.01.03 (continued)

12. Damage to one's own automobile caused by skidding into a tree is covered by:

a. bodily injury.
b. property damage.
c. liability.
d. collision.

13. Theft of merchandise from a store during store hours is covered by:

a. none, only by a security guard.
b. robbery.
c. liability.
d. fidelity bond.

14. Theft of money from an employee who was taking it to the bank is covered by:

a. performance bond.
b. holdup.
c. business interruption.
d. robbery.

15. Injury to a customer caused by falling down steps in one's store is covered by:

a. liability.
b. bodily injury.
c. fidelity bond.
d. business interruption.

27.12.01.04

16. Credit extended on account when a customer buys merchandise and is expected to pay at the end of the month is called:

a. revolving credit.
b. long-term credit.
c. installment contract.
d. short-term credit.

17. The number of Associated Credit Bureaus of America is approximately:

a. 4,000.
b. 2,000.
c. 5,000.
d. 10,000.

27.12.01.04 (continued)

18. The National Association of Credit Management:

a. operates a credit interchange among its members.
b. purchases installment sales contacts from its members.
c. provides credit information on consumers.
d. refuses credit to purchases.

19. Of the following items, customers are usually allowed the longest time to pay on conditional sales contracts for:

a. jewelry.
b. television sets.
c. men's clothing.
d. women's apparel.

20. The credit granted to retailers by manufacturers is known as:

a. wholesale credit.
b. retail credit.
c. production credit.
d. national credit.

27.12.01.05

21. What is the average amount of loss from bad debts when open credit is used?

a. 2.0 to 3.0 percent
b. 1.5 to 2.0 percent
c. 0.5 to 1.5 percent
d. 2.5 to 4.0 percent

22. It is possible to get a receipt signed by the customer for a letter mailed to him if the letter is sent by:

a. air mail.
b. ordinary mail.
c. insured mail.
d. certified mail.

23. As an aid in attempting to collect from a delinquent customer, a business may have on him a:

a. bank money order.
b. bank draft.
c. sight draft.
d. predated check.

27.12.01.05 (continued)

24. Garnishment applies to:

a. requiring an employer to withhold a part of an employee's wages.
b. attaching a person's property.
c. foreclosing a chattel mortgage.
d. a court order demanding payment of delinquent debts.

25. When merchandise that was sold on open account has not been paid for, the only way that the seller can protect himself is:

a. to foreclose the mortgage.
b. to seize the merchandise.
c. to sue for the amount of the debt.
d. to garnish the wages of the purchaser.

27.12.01.06

26. It is desirable that sales be tabulated:

a. weekly.
b. daily.
c. monthly.
d. semi-annually.

27. A double-entry accounting system means that:

a. an item is recorded as a debit one place and as a credit in another place.
b. two persons make entries.
c. entries are made in a journal and in a ledger.
d. entries are made in a journal twice.

28. A petty cash fund is used for:

a. receiving small amounts of cash from customers.
b. paying small sums by check.
c. paying small sums by cash.
d. charging small amounts of purchase.

29. Of the following percents of the net sales representing the cost of merchandise sold, the best for a business would be:

a. 65%.
b. 60%.
c. 70%.
d. 75%.

27.12.01.06 (continued)

30. A good indication of trends in business is found by making comparisons for:

a. two to three years.
b. three to four years.
c. one to two years.
d. four to five years.

27.12.01.07

31. The organization responsible for inspection of meat that is shipped in interstate commerce is the:

a. National Bureau of Standards.
b. U.S. Department of Agriculture.
c. Interstate Commerce Commission.
d. Federal Trade Commission.

32. The organization which encourages the elimination of miscellaneous sizes and kinds of products is the:

a. Interstate Commerce Commission.
b. National Bureau of Standards.
c. Federal Trade Commission.
d. U.S. Patent Office.

33. The organization that sets standards for commonly named foods, such as jelly, frankfurters, etc. is the:

a. Food and Drug Administration.
b. National Bureau of Standards.
c. U.S. Department of Agricultures.
d. Federal Food and Drug and Cosmetics Act.

34. Attempts to prevent monopolies is controlled by:

a. the Robinson-Patman Act.
b. the Sherman Anti-trust Act.
c. Fair Trade Enabling Act.
d. the Securities and Exchange Commission.

35. The Act which protects consumers and requires warnings on packages of products that contain dangerous ingredients is the:

a. Robinson-Patman Act.
b. Hazardous Substance Labeling Act.
c. Sherman Anti-trust Act.
d. Tea Import Act.

27.12.02.01

36. The various factors that determine profit and loss - such as sales, inventories, purchases, markups, and expenses - must be planned at least:

a. two years in advance.
b. a year in advance.
c. a month in advance.
d. six months in advance.

37. The basic plan for stores is called the:

a. merchandise plan.
b. policies.
c. expense plan.
d. stocks and purchases.

38. The central policy of a store will determine:

a. the budget.
b. the class of customers.
c. the merchandise.
d. the expense plan.

39. Well-organized small stores frequently adopt a merchandising budget which is done every:

a. two weeks.
b. year.
c. month.
d. six months.

40. What is the function of the merchandise plan?

a. Goods in stock.
b. It provides a means of analyzing the retailing activity in terms of amounts of money.
c. Liabilities.
d. Land.

27.12.02.02

41. What represents the cost of a purchase?

a. Inventory ticket.
b. Overage.
c. Invoice.
d. Purchase book.

27.12.02.02 (continued)

42. An excess of book inventory over physical inventory at the end of a fiscal period is:

a. opening inventory.
b. perpetual inventory.
c. merchandise shortage.
d. current market value.

43. Merchandise on hand at the beginning of a fiscal period is:

a. model stock plan.
b. opening inventory.
c. perpetual inventory.
d. physical inventory.

44. Inventory determined by actual counting of the goods on hand is:

a. opening inventory.
b. physical inventory.
c. closing book inventory.
d. model stock plan.

45. A record of all invoices received is called:

a. model stock plan.
b. purchase book.
c. inventory ticket.
d. invoice.

27.12.02.03

46. Many businessmen feel that more time and effort is spent in what area than on any other single control activity?

a. Stock control.
b. Checklist system.
c. Warehouse control system.
d. Unit stock control.

47. There are two methods of controlling stock, one way is:

a. memory method.
b. planned stock figure method.
c. observing method.
d. the unit control method.

27.12.02.03 (continued)

48. The dollar-control method of stock control does not give specific information on items:

    a. or take physical inventories.
    b. stock count.
    c. or take book inventories.
    d. in stock.

49. A perpetual inventory system of stock control is practiced for use with fashion goods because:

    a. styles stay the same for a rather long length of time.
    b. styles change so rapidly.
    c. physical stock cannot be readily inspected.
    d. it is the least expensive control system.

50. The never-out list system is particularly useful for controlling the stock of:

    a. warehouse items.
    b. slow-moving items.
    c. fashion goods.
    d. staple items.

27.12.03.01

51. An important member of the management team in a hotel of any size is the person who has the function to increase efficiency and productivity and to provide other management with statistics that allow them to assess the operation. That person is:

    a. the food and beverage controller.
    b. the business manager.
    c. the general manager.
    d. the bookkeeper.

52. What deals with the merchandise and the paperwork produced by purchasing, receiving, storing and issuing in a large hotel system?

    a. Internal accounting controls.
    b. Food and cost control system.
    c. Budgeting controls.
    d. Periodical control functions.

27.12.03.01 (continued)

53. What is designed to feed back information to management on the cost of food and other goods used in food production on a weekly, monthly, or even daily basis?

a. Forecasting of food sales and covers.
b. Internal accounting controls.
c. Food cost control systems.
d. Budgeting controls.

54. What involves estimating the periodic changes in the volume of business in a given accounting period?

a. Forecasting of food sales and covers.
b. Budgeting controls.
c. Periodical control functions.
d. Internal accounting controls.

55. How many basic areas of interest has the head controller?

a. 10
b. 4
c. 2
d. 6

27.12.03.02

56. When a dishonest bartender is under-charging, he may be:

a. using a trick used in service bars.
b. trying to encourage a large tip.
c. cheating the customer, not the house.
d. trying to collect twice.

57. When a dishonest bartender is mischarging, he is:

a. trying to collect twice.
b. cheating the customer, not the house.
c. using the same check for different guests.
d. hoping to get return favors.

58. When a dishonest bartender sells short drinks, he is:

a. cheating the house, not the customer.
b. encouraging large tips.
c. cheating the customer, not the house.
d. only cheating on wine sales.

27.12.03.02

59. When a dishonest bartender is using "Shakedowns", he is:

a. shaking beer barrels.
b. trying to collect twice.
c. using the same check for different guests.
d. stealing cash outright.

60. When a dishonest bartender is "register thefting", he is:

a. trying to collect twice on the same ticket to the same guest.
b. using the same check for different guests.
c. cheating the customer, not the house.
d. stealing cash outright.

27.12.03.03

61. In business in which competition is extremely keen, there is a tendency to set prices:

a. slightly less than the actual cost of the average business.
b. to cover only the actual costs of the average business.
c. to a very minimum so as to draw customers.
d. high, but have excellent service, entertainment, and decor.

62. When competition is keen:

a. net profits are made by none of the businesses.
b. net profits are made only by the most efficient business.
c. gross profits are higher but net profits are lower.
d. only the lucky ones create a profit.

63. The rate of turnover is determined by:

a. dividing the cost of goods sold by the average inventory valued at the retail price.
b. dividing the average inventory valued at the retail price by the net sales.
c. dividing the average inventory valued at the cost price and multiplying by two.
d. dividing the cost of goods sold by the average inventory valued at the cost price.

64. Which of the following is classed as a psychological price?

a. $4.50
b. $5.00
c. $4.93
d. $2.50

27.12.03.03

65. On which of the following items is the percent of markdown usually highest?

a. Leather goods.
b. Men's clothing.
c. Women's dresses.
d. Staple goods.

Student: _____ File Code: 27.12.01.00.A2-2

Date: _____ Date Published: 10-2-74

UNIT PRETEST: FUNDAMENTALS OF FINANCE

27.12.01.01

1. In economics, the term "capital" is used to refer to:

   a. a city or town which is where the state offices are located.
   b. merchandise that is on hand to sell.
   c. money invested in equipment and merchandise.
   d. assets and debts the company has.

2. "External Standards" and "Internal Standards" are two basic measures commonly used in:

   a. hiring a general manager in an economical capacity.
   b. estimating capital needs.
   c. determining fixed assets.
   d. determining fixed assets and liabilities.

3. The extent to which a business can borrow money based upon its own capital is called:

   a. internal standards.
   b. cash flow.
   c. leverage.
   d. external standards.

4. Sales, collections, and profits will determine how much cash is:

   a. in the business in the form of equity capital.
   b. available for fixed capital.
   c. available for working capital.
   d. needed for liabilities.

5. The extent to which a businesses assets exceeds its liabilities is an indicator of:

   a. gross profits.
   b. indebtedness.
   c. net worth.
   d. solvency.

27.12.01.02

6. When you retain a loan from a bank and you sign a note for the loan, it is called:

   a. personal loan.
   b. consignment loan.
   c. unsecured loan.
   d. secured loan.

7. A demand loan is one that is paid back:

   a. when the person who made the loan is ready to.
   b. when the time allotment is up on the loan.
   c. within three months.
   d. when the bank demands it.

8. Prime rate interest that a bank offers is:

   a. no interest at all.
   b. the highest rate of interest.
   c. a discount the bank offers on paying the loan.
   d. the lowest rate of interest.

9. The date on which a loan must be paid is called:

   a. the endorse date.
   b. the date of expiration.
   c. the negotiable date.
   d. the maturity date.

10. An unconditional written promise to pay a certain sum of money, at a particular time or on demand is called:

    a. a demand note.
    b. a promissory note.
    c. a negotiable note.
    d. a commercial paper.

27.12.01.03

11. Damage or loss to goods while being transported by water will be covered by:

    a. liability.
    b. property damage.
    c. marine.
    d. cargo.

27.12.01.03 (continued)

12. Theft of merchandise from a store during store hours is covered by:

a. None, only by a security guard.
b. robbery.
c. liability.
d. fidelity bond.

13. Damage for personal injuries to, or death of, other persons caused by one's automobile is covered by:

a. fidelity bond.
b. bodily injury.
c. life.
d. liability.

14. Theft of money by the cashier of the business is covered by:

a. robbery.
b. fidelity bond.
c. liability.
d. burglary.

15. Expenses incurred when a businessman is unable to operate because fire has destroyed his building is covered by:

a. property damage.
b. boiler explosion.
c. business interruption.
d. liability.

27.12.01.04

16. Credit ordinarily extended by the retailer to the consumer is called:

a. wholesale credit.
b. retail credit.
c. mercantile credit.
d. composite credit.

17. When a store sends a monthly statement to certain customers at one date of the month and to certain other customers at other times of the month, it is known as:

a. cycle billing.
b. installment billing.
c. rotation billing.
d. installment accounts.

27.12.01.04 (continued)

18. Generally, credit sales are:

a. larger than cash sales.
b. about the same size as cash sales.
c. smaller than cash sales.
d. twice as small as cash sales.

19. In rating various kinds of credit information, that which credit managers ranked as first in importance is:

a. character.
b. ability to pay.
c. willingness to pay.
d. the financial statement.

20. In the credit ratings of Dunn & Bradstreet, the best credit rating is indicated by:

a. 2
b. 3
c. 1
d. 0

27.12.01.05

21. It is possible to get a receipt signed by the customer for a letter mailed to him if the letter is sent by:

a. air mail.
b. ordinary mail.
c. insured mail.
d. certified mail.

22. When merchandise that was sold on open account has not been paid for, the only way that the seller can protect himself is:

a. to foreclose the mortgage.
b. to seize the merchandise.
c. to sue for the amount of the debt.
d. to garnish the wages of the purchaser.

23. The best method of analyzing and understanding accounts receivable is to:

a. compute the increase in accounts receivable.
b. get a total of the credit sales for the period.
c. age the accounts receivable.
d. add the total of credit sales and divide by 3.

27.12.01.05 (continued)

24. Which of the following types of businesses cannot be forced into bankruptcy by creditors?

a. An airplane company.
b. An oil company.
c. An insurance company.
d. Any debtor that is not a municipal company.

25. The Statute of Limitations pertains to:

a. the period of time in which one may bring suit.
b. the legal rate of interest.
c. the amount of damages one may collect.
d. the amount of discount which the state will allow.

27.12.01.06

26. Unpaid invoices for purchases made should be filled according to:

a. size of amount owed.
b. date to be paid
c. firm name.
d. purchase bought.

27. A factory machine becomes inadequate because a newer type is much more efficient. This situation is known as:

a. obsolesence.
b. depletion.
c. appreciation.
d. consideration.

28. Valuable documents such as deeds, leases, and notes should be stored in:

a. a filing cabinet in the office.
b. a bank safe deposit box.
c. an office desk.
d. a fire-proof box in your office.

29. When money is to be borrowed on January 15 for three months, it should be in the January 1 to June 30 cash budget under:

a. entries made in a journal.
b. cash receipts.
c. cash disbursements.
d. both cash receipts and cash disbursements.

27.12.01.06 (continued)

30. The best means of financial control of a business is had by a study of:

a. the balance sheet.
b. both the income statement and the balance sheet.
c. the income statement.
d. the debit sheet.

27.12.01.07

31. The organization responsible for inspection of meat that is shipped in interstate commerce is the:

a. National Bureau of Standards.
b. U. S. Department of Agriculture.
c. Interstate Commerce Commission.
d. Federal Trade Commission.

32. The organization that administers laws pertaining to fair competition is the:

a. Environmental Protection Agency.
b. Interstate Commerce Commission.
c. National Bureau of Standards.
d. Federal Trade Commission.

33. The organization that registers trademarks is the:

a. Environmental Protection Agency.
b. Fair Trade Enabling Act.
c. U. S. Patent Office.
d. National Bureau of Standards.

34. The organization that regulates the sale of stocks and bonds to the public is the:

a. Securities and Exchange Commission.
b. National Bureau of Standards.
c. Interstate Commerce Commission.
d. Environmental Protection Agency.

35. The organization that deals with the misbranding of face creams sold in Interstate Commerce is the:

a. Federal Food, Drug and Cosmetic Act.
b. Food and Drug Administration.
c. Robinson-Patman Act.
d. Sherman Anti-trust.

UNIT PRETEST ANSWER KEY: FUNDAMENTALS OF FINANCE

LAP 01	1.	c
	2.	b
	3.	c
	4.	c
	5.	d
LAP 02	6.	c
	7.	d
	8.	d
	9.	d
	10.	b
LAP 03	11.	c
	12.	b
	13.	b
	14.	b
	15.	c
LAP 04	16.	b
	17.	a
	18.	a
	19.	a
	20.	b
LAP 05	21.	d
	22.	c
	23.	c
	24.	c
	25.	a
LAP 06	26.	b
	27.	a
	28.	b
	29.	d
	30.	b
LAP 07	31.	b
	32.	d
	33.	c
	34.	a
	35.	a

Mountain-Plains Education & Economic Development Program, Inc.
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Learning Activity Package

Student: _____

Date: _____

PERFORMANCE ACTIVITY: Financial Requirements of a Business

OBJECTIVE:

Given the estimated operating expense percentages and the net sales of a retail business, calculate the total estimated operating expenses and the estimated profit for a one-month period. Complete a cash flow estimate for a one-month period.

EVALUATION PROCEDURE:

Complete a student scored multiple-choice type of test. Successful completion is eight out of ten items.

RESOURCES:

Business Principles and Management, Shilt, Everard, Johns, 1973.
"Business Principles and Management", Study Guide.

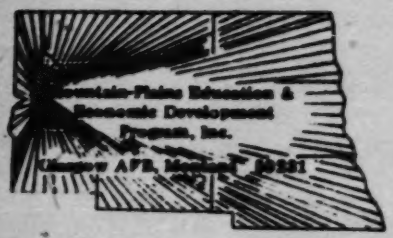
PROCEDURE:

1. Obtain a copy of the text and the workbook.
2. Read pages 297 through 305 in the text.
3. Carefully study illustrations 15-1 through 15-6 for additional information.
4. Read Problem 3 on pages 307 and 308 in the text, complete Problem 3 using the forms provided with this LAP.
5. Read Problem 15-B on page 66 of the study guide.
6. Using the data obtained in step 3, complete the estimate of cash flow on the forms provided with this LAP.
7. Turn in your answer sheets to the instructor.
8. Return the text and study guide.
9. Take the LAP test. Correct all errors.
10. If successful, proceed to the next LAP.

Principal Author(s): B. Egan

Student: _____ File Code: 27.12.01.01.A2-2

Date: _____ Date Published: 9/11/74



LAP TEST: FINANCIAL REQUIREMENTS OF A BUSINESS

1. In economics, the term "capital" is used to refer to:

   a. a city or town which is where the state offices are located.
   b. merchandise that is on hand to sell.
   c. money invested in equipment and merchandise.
   d. assets and debts the company has.

2. "Fixed capital" is the term applied to:

   a. the excess of current assets over current debts.
   b. money invested into real estate, fixtures for the company.
   c. the borrowing of money wisely.
   d. the credit used to run a business.

3. What term refers to those assets and debts which have a life of one year or less?

   a. Working Capital.
   b. Past.
   c. Current.
   d. Equity.

4. Which is most important when running a business?

   a. Current assets.
   b. Fixed capital.
   c. Working capital.
   d. Assets cost.

5. "External Standards" and "Internal Standards" are two basic measures commonly used in:

   a. hiring a general manager in an economical capacity.
   b. estimating capital needs.
   c. determining fixed assets.
   d. determining fixed assets and liabilities.

6. Those who have loaned capital to a business have a claim against assets in the business; it is called:

   a. liabilities.
   b. equity capital.
   c. working capital.
   d. fixed capital.

7. When a business borrows money based upon its owned capital, the process is known as:

   a. cash flow.
   b. leverage.
   c. sales protection.
   d. trading on its equity.

8. The extent to which a business can borrow money based upon its owned capital is called:

   a. internal standards.
   b. external standards.
   c. leverage.
   d. cash flow.

9. Sales, collections, and profits will determine how much cash is:

   a. in the business in the form of equity capital.
   b. available for fixed capital.
   c. available for working capital.
   d. needed for liabilities.

10. The extent to which a businesses assets exceeds its liabilities is an indicator of:

   a. gross profits.
   b. indebtedness.
   c. net worth.
   d. solvency.

Chapter 15 Name_____

PROBLEMS*

15-A. The form given below will provide a convenient means for completing Problem 3 on page 307 of your textbook.

(a)

Estimated Operating Expenses	Percent of Net Sales	Amount
Rent	4.0	(1) $_____
Heat, light, and power	.4	(2) _____
Taxes and licenses	1.4	(3) _____
Insurance	.8	(4) _____
Interest	1.2	(5) _____
Telephone and telegraph	.4	(6) _____
Boxes, wrapping, and packing materials	.1	(7) _____
Postage, including parcel post	.3	(8) _____
Maintenance and depreciation of delivery equipment, etc.	1.1	(9) _____
Depreciation other than on delivery equipment; repairs	.8	(10) _____
Collection costs, including credit association dues	.03	(11) _____
Advertising	1.4	(12) _____
Total estimated expenses		(13) $_____

(b)

Estimated Profit		
Sales	(1)	$_____
Less: Cost of goods sold	(2)	_____
Gross profit from sales (margin)	(3)	$_____
Less: Total estimated expenses [the amount shown in Part (a) above]	(4)	_____
Estimated profit	(5)	$_____

* (From Business Principles and Management (study guide). Shilt, et.al., South-Western Publishing Co., 1973.

15-B. From the following data, prepare an estimate of cash flow for the month of May: expected sales in May, $22,500; expected collections from customers, $19,500; beginning cash balance, $4,125; ending cash balance desired, $3,000; estimated payments—accounts to be paid, $15,300; salaries and wages, $5,500; other operating expenses, $2,000; purchase of display cases, $1,200.

ESTIMATE OF CASH FLOW, MONTH OF MAY, 19—		
Beginning cash balance	(1)	$
Collections from customers	(2)	
Total cash available	(3)	$
Payments:		
Accounts to be paid	(4)	$
Salaries and wages	(5)	
Other operating expenses	(6)	
Purchase of fixed assets	(7)	
Total payments	(8)	$
Expected cash shortage	(9)	$
Bank loans needed	(10)	$
Desired ending cash balance	(11)	$

LAP TEST ANSWER KEY: FINANCIAL REQUIREMENTS OF A BUSINESS

1. c
2. b
3. c
4. c
5. b
6. b
7. d
8. c
9. c
10. d

Student: _____ File Code: 27.12.01.32 A2-2

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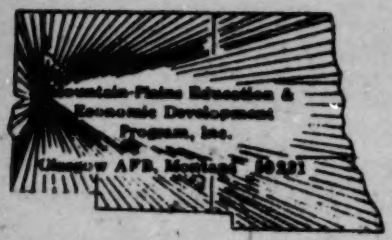


LAP TEST: BANKING SERVICES

1. When selecting a bank, the first important factor to consider is the bank's:

   a. integrity.
   b. size.
   c. type.
   d. how new is it.

2. How many main services are performed by all banks?

   a. 4
   b. 8
   c. 6
   d. 2

3. A private bank, a state bank, or a national bank offering checking, savings accounts, and making loans is known as a:

   a. Federal Reserve Bank.
   b. Savings Bank.
   c. Trust company.
   d. Commercial Bank.

4. A bank that is owned by the depositors and is operated primarily for their benefit is called a:

   a. National Bank.
   b. Federal Reserve Bank.
   c. Security State Bank.
   d. Mutual Savings Bank.

5. Most regular loans are called:

   a. demand loans.
   b. renewed loans.
   c. secured loans.
   d. short-term loans.

6. When you retain a loan from a bank and you sign a note for the loan, it is called:

   a. personal loan.
   b. consignment loan.
   c. unsecured loan.
   d. secured loan.

7. A demand loan is one that is paid back:

   a. when the person who made the loan is ready to.
   b. when the time allotment is up on the loan.
   c. within three months.
   d. when the bank demands it.

8. Another name for a secured loan is:

   a. a collateral loan.
   b. a consigned note.
   c. a line of credit.
   d. a demand loan.

9. Prime rate interest that a bank offers is:

   a. no interest at all.
   b. the highest rate of interest.
   c. a discount the bank offers on paying the loan.
   d. the lowest rate of interest.

10. An unconditional written promise to pay a certain sum of money, at a particular time or on demand is called:

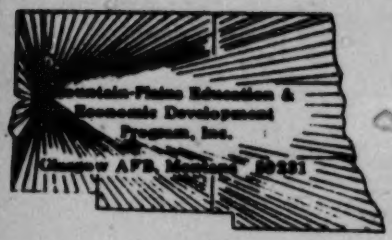
   a. a demand note.
   b. a promissory note.
   c. a negotiable note.
   d. a commercial paper.

LAP TEST ANSWER KEY: BANKING SERVICES

1. a
2. a
3. d
4. d
5. d
6. c
7. d
8. a
9. d
10. b

Student: _____ File Code: 27.12.01.03.A2-2

Date: _____ Date Published: 10-2-74



LAP TEST: RISK AND INSURANCE

1. Damage caused to another's property by one's automobile will be covered by:

   a. collision.
   b. property damage.
   c. liability.
   d. plate glass.

2. Damage or loss to goods while being transported by water will be covered by:

   a. liability.
   b. property damage.
   c. marine.
   d. cargo.

3. Damage to one's own automobile caused by skidding into a tree is covered by:

   a. bodily injury.
   b. property damage.
   c. liability.
   d. collision.

4. Theft of merchandise from a store during store hours is covered by:

   a. none, only by a security guard.
   b. robbery.
   c. liability.
   d. fidelity bond.

5. Theft of money from an employee who was taking it to the bank is covered by:

   a. performance bond.
   b. holdup.
   c. business interruption.
   d. robbery.

6. Damage for personal injuries to, or death of, other persons caused by one's automobile is covered by:

   a. fidelity bond.
   b. bodily injury.
   c. life.
   d. liability.

7. Injury to a customer caused by falling down steps in one's store is covered by:

   a. liability.
   b. bodily injury.
   c. fidelity bond.
   d. business interruption.

8. Theft of money by the cashier or the business is covered by:

   a. robbery.
   b. fidelity bond.
   c. liability.
   d. burglary.

9. The failure of a contractor to construct a building under conditions specified in the contract is covered by:

   a. fidelity bond.
   b. forgery.
   c. performance bond.
   d. business interruption.

10. Expense incurred when a businessman is unable to operate because fire has destroyed his building is covered by:

   a. property damage.
   b. boiler explosion.
   c. business interruption.
   d. liability.

LAP TEST ANSWER KEY: RISK AND INSURANCE

1. b
2. c
3. d
4. b
5. b
6. b
7. a
8. b
9. c
10. c

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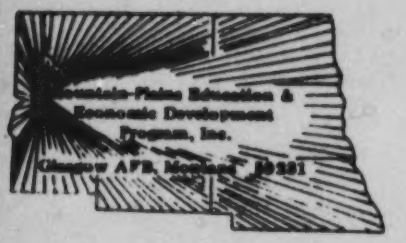

LAP TEST: CREDIT POLICIES

1. Credit ordinarily extended by the retailer to the consumer is called:

   a. wholesale credit.
   b. retail credit.
   c. merchantile credit.
   d. composite credit.

2. Credit extended on account when a customer buys merchandise and is expected to pay at the end of the month is called:

   a. revolving credit.
   b. long-term credit.
   c. installment contract.
   d. short-term credit.

3. When a store sends a monthly statement to certain customers at one date of the month and to certain other customers at other times of the month, it is known as:

   a. cycle billing.
   b. installment billing.
   c. rotation billing.
   d. installment accounts.

4. Generally, credit sales are:

   a. larger than cash sales.
   b. about the same size as cash sales.
   c. smaller than cash sales.
   d. twice as small as cash sales.

5. In rating various kinds of credit information, that which credit managers ranked as first in importance is:

   a. character.
   b. ability to pay.
   c. willingness to pay.
   d. the financial statement.

6. The number of Associated Credit Bureaus of America is approximately:

   a. 4,000.
   b. 2,000.
   c. 5,000.
   d. 10,000.

7. The National Association of Credit Management:

   a. operates a credit interchange among its members.
   b. purchases installment sales contacts from its members.
   c. provides credit information on consumers.
   d. refuses credit to purchases.

8. Of the following items, customers are usually allowed the longest time to pay on conditional sales contracts for:

   a. jewelry.
   b. television sets.
   c. men's clothing.
   d. women's apparel.

9. The credit granted to retailers by manufacturers is known as:

   a. wholesale credit.
   b. retail credit.
   c. production credit.
   d. national credit.

10. In the credit ratings of Dunn & Bradstreet, the best credit rating is indicated by:

   a. 2
   b. 3
   c. 1
   d. 0

LAP TEST ANSWER KEY: CREDIT POLICIES

1. b
2. d
3. a
4. a
5. a
6. a
7. a
8. b
9. a
10. c

Mountain-Plains Education & Economic Development Program, Inc.
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Learning Activity Package

Student: _____

Date: _____

PERFORMANCE ACTIVITY: Collection Policies

OBJECTIVE:

Given a list of 7 accounts receivable past due, construct an Accounts Receivable Analysis Sheet; and, given a delinquent account, outline the sequence of 6 activities which should be followed in order to collect the accounts.

EVALUATION PROCEDURE:

Complete a student scored multiple-choice type of test. Successful completion is eight out of ten items.

RESOURCES:

Business Principles and Management, Shilt, Everard and Johns, 1973.
"Business Principles and Management", Study Guide.

PROCEDURE:

1. Obtain a copy of the text and study guide.
2. Read pages 401 through 414 in the text.
3. Study illustrations 20-1 through 20-7 for additional information.
4. Read Problem 20-A on page 87 in the study guide.
5. Complete the Accounts Receivable Past Due Analysis Sheet on page 87 using the data supplied in Problem 20-A. The form is provided with this LAP - use it, not the one in the book.
6. Read Problems 20-B, 20-C, and 20-D on page 88 in the study guide.
7. Complete the Collection Sequence Table following Problems 20-B, 20-C, and 20-D - use the form attached to this LAP.
8. Turn in your answer sheet to the instructor.
9. Return the text and study guide.
10. Take the LAP test. Correct all errors.
11. When this LAP is successfully completed, proceed to the next LAP.

Principal Author(s): B. Egan

File Code: 27.12.01.06.A2-0

Date Published: 3/24/75

Mountain-Plains Education & Economic Development Program, Inc.
Havre AFB, Montana 59531

Learning Activity Package

Student: _____

Date: _____

PERFORMANCE ACTIVITY: Financial Records Analysis

OBJECTIVE:

Given a retail business and the data needed for a comparative income statement, complete the income statement and analyze the data contained in the income statement.

EVALUATION PROCEDURE:

Complete a student scored multiple-choice type of test. Successful completion is eight out of ten items.

RESOURCES:

Business Principles and Management, Shilt, Everard and Johns, 1973.
"Business Principles and Management", Study Guide.

PROCEDURE:

1. Obtain a copy of the text and workbook.
2. Read 441 through 463 in the text.
3. Study illustrations 22-1 through 22-14 for additional information.
4. Read case problem 22-D on page 97 in the study guide.
5. Complete the comparative income statement using the data provided. Complete the income statement on a separate sheet of paper.
6. Answer questions 1 through 8 on page 97, using the data compiled in step 5. Answer all questions on a separate sheet of paper.
7. Turn in your answer sheets to the instructor.
8. Return the text and study guide.
9. Take the LAP test. Correct all errors.
10. When this LAP is successfully completed, proceed to the next LAP.

Principal Author(s): B. Egan

Student: _____ File Code: 27.12.01.06.A2-2

Date: _____ Date Published: 10-2-74

LAP TEST: COLLECTION POLICIES/FINANCIAL RECORDS ANALYSIS

27.12.01.06

1. What procedure must a seller follow to obtain repossession of property sold under a chattel mortgage contract which has not been paid for according to the agreement?

   a. The seller must file a claim with a court and get a judgment permitting him to repossess the property.
   b. Repossess the property on demand.
   c. There is nothing you can do on a Chattel Mortgage contract to repossess.
   d. Have a law officer come with you when you repossess the furniture.

2. It is possible to get a receipt signed by the customer for a letter mailed to him if the letter is sent by:

   a. air mail.
   b. ordinary mail.
   c. insured mail.
   d. certified mail.

3. As an aid in attempting to collect from a delinquent customer, a business may have on him a:

   a. bank money order.
   b. bank draft.
   c. sight draft.
   d. predated check.

4. The best method of analyzing and understanding accounts receivable is to:

   a. compute the increase in accounts receivable.
   b. get a total of the credit sales for the period.
   c. age the accounts receivable.
   d. add the total of credit sales and divide by 3.

5. Which of the following types of businesses cannot be forced into bankruptcy by creditors?

   a. An airplane company.
   b. An oil company.
   c. An insurance company.
   d. Any debtor that is not a municipal company.

27.12.01.07

6. It is desirable that sales be tabulated:

   a. weekly.
   b. daily.
   c. monthly.
   d. semi-annually.

7. A double-entry accounting system means that:

   a. an item is recorded as a debit one place and as a credit in another place.
   b. two persons make entries.
   c. entries are made in a journal and in a ledger.
   d. entries are made in a journal twice.

8. Unpaid invoices for purchases made should be filled according to:

   a. size of amount owed.
   b. date to be paid.
   c. firm name.
   d. purchase bought.

9. The best means of financial control of a business is had by a study of:

   a. the balance sheet.
   b. both the income statement and the balance sheet.
   c. the income statement.
   d. the debit sheet.

10. Of the following percents of the net sales representing the cost of merchandise sold, the best for a business would be:

   a. 65%.
   b. 60%.
   c. 70%.
   d. 75%.

LAP TEST ANSWER KEY: COLLECTION POLICIES/FINANCIAL RECORDS ANALYSIS

LAP 06	1.	a
	2.	d
	3.	c
	4.	c
	5.	c
LAP 07	6.	b
	7.	a
	8.	b
	9.	b
	10.	b

Chapter 20 Name_____

PROBLEMS

20-A. The collection manager asks you to prepare an analysis of the accounts receivable that are past due as of November 1 of the current year. Data pertaining to a few of the customers are presented here. Make your analysis on the form given below.

Sales were made during the current year to the following firms on terms of 30 days:

Smith Bros., Centralia, Illinois, on September 17, $250.35
B. K. Supply Co., Lima, Ohio, on August 20, $165.80; on September 18, $125.85
Stark & Stark, Inc., Huron, Michigan, on June 22, $375.00
Buckeye Corporation, Wooster, Ohio, on October 13, $400.00
Western Company, Rolla, Missouri, on July 12, $221.85
Walker Appliances, Inc., Muncie, Indiana, September 13, $177.10
Belton Bakery, Springfield, Illinois, August 8, $94.70

ACCOUNTS RECEIVABLE PAST DUE

As of _____

CUSTOMER AND ADDRESS	1 TO 30 DAYS	31 TO 60 DAYS	61 TO 90 DAYS	OVER 90 DAYS	TOTAL AMOUNT PAST DUE

20-B. A sale of merchandise was made to a customer on March 8, terms net 30 days. If the seller follows the collection sequence given on pages 403-406 in the textbook, indicate the date on which each one of the following six collection activities should take place.

Activity	Date	Activity	Date
Number 1		Number 4	
Number 2		Number 5	
Number 3		Number 7	

20-C. The Huber Company went through bankruptcy with $250,000 owed to its creditors. The net proceeds realized from the sale of its assets amounted to $50,000. These proceeds were to be distributed to its creditors. Indicate how much each of the following four creditors received, assuming that each creditor claims the same priority upon the assets.

Creditor	Amount Owed by Huber Company	Amount Received by Creditor
Milton Mfg. Co.	$40,000	$
Harrison Supplies, Inc.	15,500	
G. W. Holmes	10,280	
Queen City Corporation	36,700	

20-D. The annual sales and the loss on bad debts in each of five businesses are given below. For each firm determine what percent of the sales is represented by the loss on bad debts.

Business	Sales	Loss on Bad Debts	Percent
Hart Company	$300,000	$ 3,000	
Cable & Cable	200,000	1,000	
Bell Corporation	400,000	3,600	
Wahl Appliances	500,000	7,500	
Eastern Corporation	600,000	12,000	

LAP TEST ANSWER KEY: GOVERNMENT REGULATIONS

1. c
2. b
3. d
4. b
5. a
6. c
7. a
8. a
9. b
10. b

UNIT POST TEST ANSWER KEY: FUNDAMENTALS OF FINANCE

LAP 01	1.	c
	2.	c
	3.	d
	4.	c
	5.	c
LAP 02	5.	a
	7.	d
	8.	d
	9.	d
	10.	d
LAP 03	11.	b
	12.	c
	13.	a
	14.	c
	15.	c
LAP 04	16.	b
	17.	d
	18.	a
	19.	a
	20.	b
LAP 05	21.	c
	22.	d
	23.	a
	24.	c
	25.	a
LAP 06	26.	c
	27.	a
	28.	b
	29.	d
	30.	b
LAP 07	31.	c
	32.	b
	33.	b
	34.	c
	35.	b

Student: _____ File Code: 27.12.01.07.A2-2

Date: _____ Date Published: 10-2-74

LAP TEST: GOVERNMENT REGULATIONS

1. Established airline passenger rates are set by:

   a. the Interstate Commerce Commission.
   b. the Federal Communication Commission.
   c. the Civil Aeronautics Board.
   d. the National Bureau of Standards.

2. The organization responsible for inspection of meat that is shipped in interstate commerce is the:

   a. National Bureau of Standards.
   b. U. S. Department of Agriculture.
   c. Interstate Commerce Commission.
   d. Federal Trade Commission.

3. The organization that administers laws pertaining to fair competition is the:

   a. Environmental Protection Agency.
   b. Interstate Commerce Commission.
   c. National Bureau of Standards.
   d. Federal Trade Commission.

4. The organization which encourages the elimination of miscellaneous sizes and kinds of products is the:

   a. Interstate Commerce Commission.
   b. National Bureau of Standards.
   c. Federal Trade Commission.
   d. U. S. Patent Office.

5. The organization that sets standards for commonly named foods, such as jelly, frankfurters, etc. is the:

   a. Food and Drug Administration.
   b. National Bureau of Standards.
   c. U. S. Department of Agricultures.
   d. Federal Food and Drug and Cosmetics Act.

6. The organization that registers trademarks is the:

   a. Environmental Protection Agency.
   b. Fair Trade Enabling Act.
   c. U. S. Patent Office.
   d. National Bureau of Standards.

Student: _____ File Code: 27.12.02.00.A2-2

Date: _____ Date Published: 9/11/74

UNIT PRETEST: MERCHANDISE CONTROL

27.12.02.01

1. Another name for a budget is:

   a. expense plan.
   b. merchandise plan.
   c. planned sales.
   d. planned salaries.

2. A definite markup goal, high enough to cover normal markdown losses, should be set for each:

   a. week.
   b. month.
   c. year.
   d. season.

3. A comprehensive device that helps retailers plan figure goals for merchandising activities for a set period of time is:

   a. a budget.
   b. a merchandise plan.
   c. an expense plan.
   d. a purchase plan.

4. A retailer can occasionally take a calculated risk but blindly depending hunches generally spells:

   a. long-range profits.
   b. bankruptcy.
   c. immediate success.
   d. occasionally success.

5. Planning, forecasting, and control should be looked upon as functions of:

   a. wholesalers only.
   b. all retailers.
   c. small scale retailers only.
   d. large scale retailers only.

7. The organization that regulates the sale of stocks and bonds to the public is the:

   a. Securities and Exchange Commission.
   b. National Bureau of Standards.
   c. Interstate Commerce Commission.
   d. Environmental Protection Agency.

8. The organization that deals with the misbranding of face creams sold in Interstate Commerce is the:

   a. Federal Food, Drug and Cosmetic Act.
   b. Food and Drug Administration.
   c. Robinson-Patman Act.
   d. Sherman Anti-trust Act.

9. Attempts to prevent monopolies is controlled by:

   a. the Robinson-Patman Act.
   b. the Sherman Anti-trust Act.
   c. the Fair Trade Enabling Act.
   d. the Securities and Exchange Commission.

10. The Act which protects consumers and requires warnings on packages of products that contain dangerous ingredients is the:

    a. Robinson-Patman Act.
    b. Hazardous Substance Labeling Act.
    c. Sherman Anti-trust Act.
    d. Tea Import Act.

Mountain-Plains Education & Economic Development Program, Inc.
(Havre AFB, Montana 59531)

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Learning Activity Package

Student: _____

Date: _____

PERFORMANCE ACTIVITY: Banking Services

OBJECTIVE:

Given four business situations related to services provided by banks, determine the correct action to be taken by a business manager in each situation.

EVALUATION PROCEDURE:

Complete a student scored multiple-choice type of test. Successful completion is eight out of ten items.

RESOURCES:

Business Principles and Management, Shilt, Everard and Johns, 1973.

PROCEDURE:

1. Obtain a copy of the text and go to your study area.
2. Read pages 333 through 351.
3. Carefully study the illustrations shown throughout the reading assignment for additional information.
4. Answer questions 8, 9, and 10 on page 353, and question 5 on page 354 on a separate sheet of paper.
5. Turn in your answer sheet to the instructor.
6. Return the text.
7. Take the LAP test. Correct all errors.
8. When this LAP is successfully completed, proceed to the next LAP.

Principal Author(s): B. Egan

Mountain-Plains Education & Economic Development Program, Inc.
(Havre AFB, Montana 59521)

File Code: 27.12.01.03.A2-0

Date Published: 3/24/75

Learning Activity Package

Student: _____

Date: _____

PERFORMANCE ACTIVITY: Risk and Insurance

OBJECTIVE:

Given a list of 15 terms related to business insurance, identify or define each term; and given a business situation and a list of insurance policies carved by the business, complete the annual premium for each policy and the total annual cost for all policies.

EVALUATION PROCEDURE:

Complete a student scored multiple-choice type of test. Successful completion is eight out of ten items.

RESOURCES:

Business Principles and Management, Shilt, Everard and Johns, 1973.
"Business Principles and Management", Study Guide.

PROCEDURE:

1. Obtain a copy of the text and workbook.
2. Read pages 357 through 375 in the text.
3. Study illustrations 18-1 through 18-4 for additional information.
4. Answer question 1 through 15 on page 76 of the workbook and problem 18-B on page 79 of the study guide. Answer all questions on a separate sheet of paper.
5. Turn in your answer sheet to the instructor.
6. Return the text and study guide.
7. Take the LAP test. Correct all errors.
8. When this LAP is successfully completed, proceed to the next LAP.

Principal Author(s): B. Egan

File Code: 27.12.01.04.A2-0

Date Published: 3/24/75

Mountain-Plains Education & Economic Development Program, Inc.
Glasgow AFB, Montana 59231

Learning Activity Package

Student: _____

Date: _____

PERFORMANCE ACTIVITY: Credit Policies

OBJECTIVE:

Given three case problems related to business credit policies, calculate the credit amounts and percentages required in each case.

EVALUATION PROCEDURE:

Complete a student scored multiple-choice type of test. Successful completion is eight out of ten items.

RESOURCES:

Business Principles and Management, Shilt, Everard and Johns, 1973.

PROCEDURE:

1. Obtain a copy of the text.
2. Read pages 381 through 396.
3. Study illustrations 19-1 through 19-9 for additional information.
4. Read case problems 1, 2, and 5 on pages 398 and 399. Answer questions a, b, and c in problems 1 and 5, and questions a and b in problem 2. Answer all questions on a separate sheet of paper.
5. Turn in your answer sheet to the instructor.
6. Return the text.
7. Take the LAP test. Correct all errors.
8. When this LAP is successfully completed, proceed to the next LAP.

Principal Author(s): B. Egan

File Code: 27.12.01.07.A2-0

Date Published: 3/24/75

Mountain-Plains Education & Economic Development Program, Inc.
Glasgow AFB, Montana 59231

Learning Activity Package

Student: _____

Date: _____

PERFORMANCE ACTIVITY: Government Regulations

OBJECTIVE:

Given two case problems related to business practices which are regulated by federal and state laws, decide whether or not the business practices are permissible and justify the decision.

EVALUATION PROCEDURE:

Complete a student scored multiple-choice type of test. Successful completion is eight out of ten items.

RESOURCES:

Business Principles and Management, Shilt, Everard and Johns, 1973.

PROCEDURE:

1. Obtain a copy of the text.
2. Read pages 613 through 631.
3. Study illustrations 30-3, 30-4, 30-7, and 30-9 for additional information.
4. Read Problem 2 on page 633.
5. Answer parts a and ab in Problem 2 on a separate sheet of paper. Justify your answer.
6. Read Case Problem 30-3 on pages 634 and 635. Answer questions 1 and 2 following Case Problem 30-3 on a separate sheet of paper.
7. Turn in your answer sheets to the instructor.
8. Ask instructor for unit test. After completion, hand to instructor for correction.
9. Proceed to next unit.

Principal Author(s): B. Egan

Student: _____ File Code: 27.12.01.00.B2-2

Date: _____ Date Published: 10-2-74

UNIT POST TEST: FUNDAMENTALS OF FINANCE

27.12.01.01

1. In economics, the term "capital" is used to refer to:

   a. a city or town which is where the state offices are located.
   b. merchandise that is on hand to sell.
   c. money invested in equipment and merchandise.
   d. assets and debts the company has.

2. Which is the most important when running a business?

   a. Current assets.
   b. Fixed capital.
   c. Working capital.
   d. Assets cost.

3. When a business borrows money based upon its owned capital, the process is known as:

   a. cash flow.
   b. leverage.
   c. sales protection.
   d. trading on its equity.

4. Sales, collections, and profits will determine how much cash is:

   a. in the business in the form of equity capital.
   b. available for fixed capital.
   c. available for working capital.
   d. needed for liabilities.

5. The extent to which a businesses assets exceeds its liabilities is an indicator of:

   a. gross profits.
   b. indebtedness.
   c. net worth.
   d. solvency.

27.12.01.02

6. When a commercial bank offers all of the services permitted by the state, it is sometimes referred to as a:

   a. Full-Service Bank.
   b. Mutual Savings Bank.
   c. Federal Reserve Bank.
   d. Member Bank.

7. A corporation which will receive property from individuals and manage the property for the benefit of the person is called a:

   a. Federal Reserve Bank.
   b. Commercial Bank.
   c. Mutual Savings Bank.
   d. Trust company.

8. State banks are governed by the laws of:

   a. the federal government.
   b. the board of directors.
   c. no one.
   d. their respective states.

9. When a borrower of a loan signs a note and gets a friend to sign the note also, the process is called:

   a. mortgaging.
   b. cosigner.
   c. consignment.
   d. endorsement.

10. The date on which a loan must be paid is called:

   a. the endorse date.
   b. the date of expiration.
   c. the negotiable date.
   d. the maturity date.

27.12.01.03

11. Damage caused to another's property by one's automobile will be covered by:

   a. collision.
   b. property damage.
   c. liability.
   d. plate glass.

27.12.01.03 (continued)

12. Damage or loss to goods while being transported by water will be covered by:

    a. liability.
    b. property damage.
    c. marine.
    d. cargo.

13. Injury to a customer caused by falling down steps in one's store is covered by:

    a. liability.
    b. bodily injury.
    c. fidelity bond.
    d. business interruption.

14. The failure of a contractor to construct a building under conditions specified in the contract is covered by:

    a. fidelity bond.
    b. forgery.
    c. performance bond.
    d. business interruption.

15. Expenses incurred when a businessman is unable to operate because fire has destroyed his building is covered by:

    a. property damage.
    b. boiler explosion.
    c. business interruption.
    d. liability.

27.12.01.04

16. Credit ordinarily extended by the retailer to the consumer is called:

    a. wholesale credit.
    b. retail credit.
    c. mercantile credit.
    d. composite credit.

17. Credit extended on account when a customer buys merchandise and is expected to pay at the end of the month is called:

    a. revolving credit.
    b. long-term credit.
    c. installment contract.
    d. short-term credit.

27.12.01.04 (continued)

18. When a store sends a monthly statement to certain customers at one date of the month and to certain other customers at other times of the month, it is known as:

a. cycle billing.
b. installment billing.
c. rotation billing.
d. installment accounts.

19. The number of Associated Credit Bureaus of America is approximately:

a. 4,000.
b. 2,000.
c. 5,000.
d. 10,000.

20. Of the following items, customers are usually allowed the longest time to pay on conditional sales contracts for:

a. jewelry.
b. television sets.
c. men's clothing.
d. women's apparel.

27.12.01.05

21. What is the average amount of loss from bad debts when open credit is used?

a. 2.0 to 3.0 percent
b. 1.5 to 2.0 percent
c. 0.5 to 1.5 percent
d. 2.5 to 4.0 percent

22. It is possible to get a receipt signed by the customer for a letter mailed to him if the letter is sent by:

a. air mail.
b. ordinary mail.
c. insured mail.
d. certified mail.

23. Garnishment applies to:

a. requiring an employer to withhold a part of an employee's wages.
b. attaching a person's property.
c. foreclosing a chattel mortgage.
d. a court order demanding payment of delinquent debts.

27.12.01.06 (continued)

24. When merchandise that was sold on open account has not been paid for, the only way that the seller can protect himself is:

a. to foreclose the mortgage.
b. to seize the merchandise.
c. to sue for the amount of the debt.
d. to garnish the wages of the purchaser.

25. The Statute of Limitations pertains to:

a. the period of time in which one may bring suit.
b. the legal rate of interest.
c. the amount of damages one may collect.
d. the amount of discount which the state will allow.

27.12.01.06

26. A petty cash fund is used for:

a. receiving small amounts of cash from customers.
b. paying small sums by check.
c. paying small sums by cash.
d. charging small amounts of purchase.

27. A factory machine becomes inadequate because a newer type is much more efficient. This situation is known as:

a. obsolesence.
b. depletion.
c. appreciation.
d. consideration.

28. Valuable documents, such as deeds, leases, and notes should be stored in:

a. a filing cabinet in the office.
b. a bank safe deposit box.
c. an office desk.
d. a fire proof box in your office.

29. When money is to be borrowed on January 15 for three months, it should be in the January 1 to June 30 cash budget under:

a. entries made in a journal.
b. cash receipts.
c. cash disbursements.
d. both cash receipts and cash disbursements.

27.12.01.06 (continued)

30. A good indication of trends in business is found by making comparisons for:

a. two to three years.
b. three to four years.
c. one to two years.
d. four to five years.

27.12.01.07

31. Established airline passenger rates are set by:

a. the Interstate Commerce Commission.
b. the Federal Communication Commission.
c. the Civil Aeronautics Board.
d. the National Bureau of Standards.

32. The organization responsible for inspection of meat that is shipped in interstate commerce is the:

a. National Bureau of Standards.
b. U. S. Department of Agriculture.
c. Interstate Commerce Commission.
d. Federal Trade Commission.

33. The organization which encourages the elimination of miscellaneous sizes and kinds of products is the:

a. Interstate Commerce Commission.
b. National Bureau of Standards.
c. Federal Trade Commission.
d. U. S. Patent Office.

34. The organization that registers trademarks is the:

a. Environmental Protection Agency.
b. Fair Trade Enabling Act.
c. U. S. Patent Office.
d. National Bureau of Standards.

35. The Act which protects consumers and requires warnings on packages of products that contain dangerous ingredients is the:

a. Robinson-Patman Act.
b. Hazardous Substance Labeling Act.
c. Sherman Anti-trust Act.
d. Tea Import Act.

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Date Published: 3/24/75

Learning Experience Guide

UNIT: MERCHANDISE CONTROL

RATIONALE:

Knowledge of the various methods available to control a merchandise inventory is needed by mid-management personnel so they will be able to manage their inventory efficiently and accurately.

PREREQUISITES:

Unit .01 of this course (Fundamentals of Finance).

OBJECTIVES:

Correctly use proper methods to control a merchandise inventory.

RESOURCES:

Retail Merchandising, John W. Wingate and Harland E. Samson, Southwestern Publishing Co., 1968.
"Retail Merchandising", Study Guide.

GENERAL INSTRUCTIONS:

Complete all performance activities in this unit. Take the unit test.

PERFORMANCE ACTIVITIES:

.01 Merchandise Budgets
.02 Model Stock Plans
.03 Stock Control Systems

EVALUATION PROCEDURE:

Complete an instructor scored multiple-choice type of test. Successful completion is eight out of ten items.

Principal Author(s): B. Egan

FOLLOW-THROUGH:

Go to the first assigned LAP.

27.12.02.02

6. Amount of merchandise that is shown to be on hand before a physical count is made at the end of a fiscal period is the:

   a. closing book inventory.
   b. perpetual inventory.
   c. opening inventory.
   d. overage.

7. A record showing purchases owed to all creditors of a business is a/an:

   a. purchase book.
   b. inventory ticket.
   c. model stock plan.
   d. accounts payable ledger.

8. Excess of physical inventory over book inventory at the end of a fiscal period is:

   a. perpetual inventory.
   b. overage.
   c. closing book inventory.
   d. model stock plan.

9. An inventory system in which value of goods on hand can be determined without bothering to count the goods is:

   a. perpetual inventory.
   b. closing book inventory.
   c. opening inventory.
   d. physical inventory.

10. A guide for purchase prior to the start of a selling season is:

   a. current market value.
   b. model stock plan.
   c. overage.
   d. purchase book.

27.12.02.03

11. The dollar-control method of stock control does not give specific information on items:

   a. or take physical inventories.
   b. stock count.
   c. or take book inventories.
   d. in stock.

27.12.02.03 (continued)

12. What type of control is used when storages need to be watched carefully?

    a. A general check.
    b. A warehouse type.
    c. A dollar-control method.
    d. A perpetual type.

13. The never-out list system is particularly useful for controlling the stock of:

    a. warehouse items.
    b. slow-moving items.
    c. fashion goods.
    d. staple items.

14. To justify the expense of any stock control system, it is necessary that the information desired be used in:

    a. merchandise planning.
    b. processing equipment.
    c. electronic data.
    d. staple items only.

15. Electronic data processing equipment is ideally suited to the record-keeping involved in:

    a. slow-selling merchandise.
    b. warehouse control system.
    c. dollar control methods.
    d. unit stock control procedures.

UNIT PRETEST ANSWER KEY: MERCHANDISE CONTROL

LAP 01	1.	b
	2.	d
	3.	c
	4.	b
	5.	b
LAP 02	6.	a
	7.	d
	8.	b
	9.	a
	10.	b
LAP 03	11.	d
	12.	d
	13.	d
	14.	a
	15.	d

File Code: 27.12.02.01.A2-0

Date Published: 3/24/75

Mountain-Plains Education & Economic Development Program, Inc.
Glasgow AFB, Montana 59231

Learning Activity Package

Student: _____

Date: _____

PERFORMANCE ACTIVITY: Merchandise Budgets

OBJECTIVE:

Given a merchandise budget for a retail business, identify seven general business indicators and three local conditions which might affect budgeting.

EVALUATION PROCEDURE:

Complete a student scored multiple-choice type of test. Successful completion is eight out of ten items.

RESOURCES:

Retail Merchandising, Wingate and Samson, 1968.

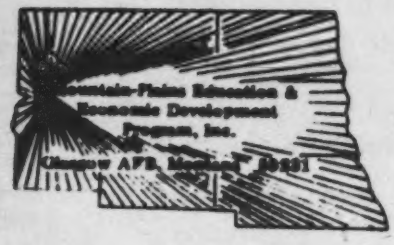
PROCEDURE:

1. Obtain a copy of the text.
2. Read pages 484 through 487.
3. Study the Merchandise Plan on page 486 for additional information.
4. Answer questions 3 and 4 under "Review Questions" on page 488 on a separate sheet of paper.
5. Turn in your answer sheet to the instructor.
6. Return the text.
7. Take the LAP test. Correct all errors.
8. When this LAP is successfully completed, proceed to the next LAP.

Principal Author(s): B. Egan

Student: _____ File Code: 27.12.02.01.A2-2

Date: _____ Date Published: 12/15/75



LAP TEST: MERCHANDISE BUDGETS

1. The various factors that determine profit and loss - such as sales, inventories, purchases, markups, and expenses - must be planned at least:

   a. two years in advance.
   b. a year in advance.
   c. a month in advance.
   d. six months in advance.

2. The basic plan for stores is called the:

   a. merchandise plan.
   b. policies.
   c. expense plan.
   d. stocks and purchases.

3. Another name for a budget is:

   a. expense plan.
   b. merchandise plan.
   c. planned sales.
   d. planned salaries.

4. A definite markup goal, high enough to cover normal markdown losses, should be set for each:

   a. week.
   b. month.
   c. year.
   d. season.

5. The central policy of a store will determine:

   a. the budget.
   b. the class of customers.
   c. the merchandise.
   d. the expense plan.

6. A comprehensive device that helps retailers plan figure goals for merchandising activities for a set period of time is:

   a. a budget.
   b. a merchandise plan.
   c. an expense plan and merchandise plan.
   d. a purchase plan.

7. Well-organized small stores frequently adopt a merchandising budget which is done every:

   a. two weeks.
   b. year.
   c. month.
   d. six months.

8. A retailer can occasionally take a calculated risk but blindly depending hunches generally spells:

   a. long-range profits.
   b. bankruptcy.
   c. immediate success.
   d. occasionally success.

9. Planning, forecasting, and control should be looked upon as functions of:

   a. wholesalers only.
   b. all retailers.
   c. small scale retailers only.
   d. large scale retailers only.

10. What is the function of the merchandise plan?

    a. Goods in stock.
    b. It provides a means of analyzing the retailing activity in terms of amounts of money.
    c. Liabilities.
    d. Land.

LAP TEST ANSWER KEY: MERCHANDISE BUDGETS

1. d
2. a
3. b
4. d
5. b
6. c
7. d
8. b
9. b
10. b

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Mountain-Plains Education & Economic Development Program, Inc.
Havre, Montana 59501

Learning Activity Package

Student: _____

Date: _____

PERFORMANCE ACTIVITY: Model Stock Plans

OBJECTIVE:

Given colors, prices and sizes of a line of merchandise carried in a retail store, complete a Model Stock Plan for the merchandise.

EVALUATION PROCEDURE:

Complete a student scored multiple-choice type of test. Successful completion is eight out of ten items.

RESOURCES:

Retail Merchandising, Wingate and Samson, 1968.
"Retail Merchandising", Study Guide.

PROCEDURE:

1. Obtain a copy of the text and the study guide.
2. Read pages 456 through 463 and pages 488 through 498 in the text.
3. Read Problem 16 C-2 on page 111 of the study guide.
4. Using the information obtained in step 3, complete the Model Stock Plan on page 112 of the study guide.
5. Turn in your answer sheet to the instructor.
6. Return the text and study guide.
7. Complete and correct the LAP test after completion of this LAP and LAP 27.12.02.00 "Stock Control Systems."
8. When this LAP is successfully completed, proceed to the next LAP.

Principal Author(s): B. Egan

File Code: 27.12.02.03.A2-0

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Mountain-Plains Education & Economic Development Program, Inc.
Glasgow AFB, Montana 59231

Learning Activity Package

Student: _____

Date: _____

PERFORMANCE ACTIVITY: Stock Control Systems

OBJECTIVE:

Given the two main methods of stock control, identify the advantages and disadvantages of each method.

EVALUATION PROCEDURE:

Complete a student scored multiple-choice type of test. Successful completion is nine out of ten items.

RESOURCES:

Retail Merchandising, Wingate and Samson, 1968.

PROCEDURE:

1. Obtain a copy of the text.
2. Read pages 504 through 509.
3. Answer questions 1, 2, and 5 under "Review Questions" on page 510 and question 1 under "For Discussion" on page 510 on a separate sheet of paper.
4. Turn in your answer sheets to the instructor.
5. Return the text.
6. Take and correct the LAP test after completion of this LAP and LAP 27.12.02.02 "Model Stock Plans."
7. Ask instructor for unit test. After completion, hand to instructor for correction.
8. Proceed to next unit.

Principal Author(s): B. Egan

Student: _____ File Code: 27.12.02.03.A2-2

Date: _____ Date Published: 9/11/74

LAP TEST: MODEL STOCK PLANS/STOCK CONTROL SYSTEMS

27.12.02.02

1. What represents the cost of a purchase?

   a. Inventory ticket.
   b. Overage.
   c. Invoice.
   d. Purchase book.

2. Amount of merchandise that is shown to be on hand before a physical count is made at the end of a fiscal period is the:

   a. closing book inventory.
   b. perpetual inventory.
   c. opening inventory.
   d. overage.

3. A record showing purchases owed to all creditors of a business is a/an:

   a. purchase book.
   b. inventory ticket.
   c. model stock plan.
   d. accounts payable ledger.

4. Merchandise on hand at the beginning of a fiscal period is:

   a. model stock plan.
   b. opening inventory.
   c. perpetual inventory.
   d. physical inventory.

5. A record of all invoices received is called:

   a. model stock plan.
   b. purchase book.
   c. inventory ticket.
   d. invoice.

27.12.02.03

6. The dollar-control method of stock control does not give specific information on items:

   a. or take physical inventories.
   b. stock count.
   c. or take book inventories.
   d. in stock.

7. What type of control is used when storages need to be watched carefully?

   a. A general check.
   b. A warehouse type.
   c. A dollar-control method.
   d. A perpetual type.

8. The never-out list system is particularly useful for controlling the stock of:

   a. warehouse items.
   b. slow-moving items.
   c. fashion goods.
   d. staple items.

9. To justify the expense of any stock control system, it is necessary that the information desired be used in:

   a. merchandise planning.
   b. processing equipment.
   c. electronic data.
   d. staple items only.

10. Electronic data processing equipment is ideally suited to the record-keeping involved in:

    a. slow-selling merchandise.
    b. warehouse control system.
    c. dollar control methods.
    d. unit stock control procedures.

LAP TEST ANSWER KEY: MODEL STOCK PLANS/STOCK CONTROL SYSTEMS

LAP 01

1. c
2. a
3. d
4. b
5. b

LAP 03

6. d
7. d
8. d
9. a
10. d

Student: _____ File Code: 27.12.02.00.B2-2

Date: _____ Date Published: 9/11/74

UNIT POST TEST: MERCHANDISE CONTROL

27.12.02.01

1. The various factors that determine profit and loss - such as sales, inventories, purchases, markups, and expenses - must be planned at least:

   a. two years in advance.
   b. a year in advance.
   c. a month in advance.
   d. six months in advance.

2. Another name for a budget is:

   a. expense plan.
   b. merchandise plan.
   c. planned sales.
   d. planned salaries.

3. A definite markup goal, high enough to cover normal markdown losses, should be set for each:

   a. week.
   b. month.
   c. year.
   d. season.

4. Well-organized small stores frequently adopt a merchandising budget which is done every:

   a. two weeks.
   b. year.
   c. month.
   d. six months.

5. A retailer can occasionally take a calculated risk but blindly depending hunches generally spells:

   a. long-range profits.
   b. bankruptcy.
   c. immediate success.
   d. occasionally success.

27.12.02.02

6. Excess of physical inventory over book inventory at the end of a fiscal period is:

   a. perpetual inventory.
   b. overage.
   c. closing book inventory.
   d. model stock plan.

7. An inventory system in which value of goods on hand can be determined without bothering to count the goods is:

   a. perpetual inventory.
   b. closing book inventory.
   c. opening inventory.
   d. physical inventory.

8. An excess of book inventory over physical inventory at the end of a fiscal period is:

   a. opening inventory.
   b. perpetual inventory.
   c. merchandise shortage.
   d. current market value.

9. Inventory determined by actual counting of the goods on hand is:

   a. opening inventory.
   b. physical inventory.
   c. closing book inventory.
   d. model stock plan.

10. A guide for purchase prior to the start of a selling season is:

    a. current market value.
    b. model stock plan.
    c. overage.
    d. purchase book.

27.12.02.03

11. Many businessmen feel that more time and effort is spent in what area than on any other single control activity?

    a. Stock control.
    b. Checklist system.
    c. Warehouse control system.
    d. Unit stock control.

27.12.02.03 (continued)

12. There are two methods of controlling stock, one way is:

    a. memory method.
    b. planned stock figure method.
    c. observing method.
    d. the unit control method.

13. A perpetual inventory system of stock control is practiced for use with fashion goods because:

    a. styles stay the same for a rather long length of time.
    b. styles change so rapidly.
    c. physical stock cannot be readily inspected.
    d. it is the least expensive control system.

14. What type of control is used when storages need to be watched carefully?

    a. A general check.
    b. A warehouse type.
    c. A dollar-control method.
    d. A perpetual type.

15. To justify the expense of any stock control system, it is necessary that the information desired be used in:

    a. merchandise planning.
    b. processing equipment.
    c. electronic data.
    d. staple items only.

UNIT POST TEST ANSWER KEY: MERCHANDISE CONTROL

LAP 01	1.	d
	2.	b
	3.	d
	4.	d
	5.	b
LAP 02	6.	b
	7.	a
	8.	c
	9.	b
	10.	b
LAP 03	11.	a
	12.	d
	13.	b
	14.	d
	15.	a

File Code: 27.12.03.00.A2-1

Date Published: 3/24/75

Learning Experience Guide

UNIT: FOOD AND BEVERAGE CONTROL

RATIONALE:

Knowledge of food and beverage control procedures is needed by food and lodging management personnel so they will be able to effectively and efficiently control their business inventory.

PREREQUISITES:

Unit .01 of this course (Fundamentals of Finance).

OBJECTIVES:

Use proper methods to control a food and beverage inventory.

RESOURCES:

Food and Beverage Cost Controls, Bruno Maizel, ITT Educational Services, 1971.
*Food and Beverage Cost Controls, (workbook).

GENERAL INSTRUCTIONS:

Complete all performance activities in this unit. Take the unit test.

PERFORMANCE ACTIVITIES:

.01 Control of Food Sales
.02 Beverage Control
.03 Menu Pricing

EVALUATION PROCEDURE:

Complete an instructor scored multiple-choice type of test. Successful completion is eight out of ten items.

Principal Author(s): B. Egan

FOLLOW-THROUGH:

Go to the first assigned LAP.

Student: _____ File Code: 27.12.03.00.A2-2

Date: _____ Date Published: 9/12/74

UNIT PRETEST: FOOD AND BEVERAGE CONTROL

27.12.03.01

1. What deals with the merchandise and the paperwork produced by purchasing, receiving, storing and issuing in a large hotel system?

   a. Internal accounting controls.
   b. Food and cost control system.
   c. Budgeting controls.
   d. Periodical control functions.

2. What offers a method of computing expenditures as a percentage of anticipated food sales, so that costs remain at an acceptable percentage of sales?

   a. Periodical control functions.
   b. Budgeting controls.
   c. Food cost control.
   d. Internal accounting controls.

3. Which of the following is concerned with periodic tests of counted procedures to determine if they are effective and valid?

   a. Budgeting controls.
   b. Periodical control functions.
   c. Food cost control systems.
   d. Internal accounting controls.

4. A food checker is a person who:

   a. checks the food when bought by the food and beverage purchasers.
   b. checks the items which come out of a kitchen with what is on a guest check.
   c. checks the food before being bought from the wholesaler.
   d. checks food for the government to determine its grade.

5. Food cost percentage is a ratio expressed as:

   a. $\frac{\text{Cost of foods}}{\text{Food sales}}$
   b. $\frac{\text{Food sales}}{\text{Cost of foods}}$
   d. $\frac{\text{Food sales}}{\text{Billing consignment}}$
   d. $\frac{\text{Billing costs}}{\text{Wholesale costs}}$

27.12.03.02

6. The type of a bar which supplies the dining room with liquor is the:

   a. service bar.
   b. cash bar.
   c. back bar.
   d. second bar.

7. When a dishonest bartender uses a paid check, he may:

   a. cheat the customer, not the house.
   b. use the same check for different guests.
   c. try to collect twice.
   d. give free drinks.

8. When a dishonest bartender is "selling", he is:

   a. selling liquor he brings in.
   b. using the same for different guests.
   c. cheating the customer, not the house.
   d. trying to collect twice.

9. When a dishonest bartender is serving free drinks, he is:

   a. trying to collect twice.
   b. encouraging large tips.
   c. using the same check for different guests.
   d. hoping to get return favors.

10. The beverage controller, in large, hates to perform duties similar to the:

    a. general manager.
    b. food controller.
    c. business manager.
    d. bartender.

27.12.03.03

11. Which of the following is correct?

    a. The margin minus the operating expenses equals the net profit.
    b. The cost of the merchandise sold plus the operating expense equals the selling price.
    c. The selling price minus the cost of the merchandise equals the net profit.
    d. The margin plus the operating expenses minus the net profit.

27.12.03.03 (continued)

12. The department store's markups are usually expressed as a percent of the:

    a. selling price.
    b. operating expenses.
    c. cost price.
    d. net profit.

13. A margin of 33-1/3 percent of the selling price would be equivalent to a margin on the cost of:

    a. 50%.
    b. 33-1/3%.
    c. 25%.
    d. 66-2/3%.

14. Every restaurant has a markup of:

    a. two times cost.
    b. three times cost.
    c. five times cost.
    d. one times cost.

15. On the American plan, what is included in the room rate?

    a. Color T.V. and air conditioning.
    b. Kids free.
    c. Nothing.
    d. Meals.

UNIT PRETEST ANSWER KEY: FOOD AND BEVERAGE CONTROL

LAP 01	1.	a
	2.	b
	3.	b
	4.	b
	5.	a
LAP 02	6.	a
	7.	b
	8.	a
	9.	d
	10.	b
LAP 03	11.	a
	12.	a
	13.	a
	14.	b
	15.	d

File Code: 27.12.03.01.A2-0

Date Published: 3/24/75

Mountain-Plains Education & Economic Development Program, Inc.
Glasgow AFB, Montana 59231

Learning Activity Package

Student: _____

Date: _____

PERFORMANCE ACTIVITY: Control of Food Sales

OBJECTIVE:

Identify and describe the purpose of eight (8) sales records used in the control of food sales in a restaurant.

EVALUATION PROCEDURE:

Complete a student scored multiple-choice type of test. Successful completion is eight out of ten items.

RESOURCES:

Food and Beverage Cost Controls, Maizel, 1971.
"Food and Beverage Cost Control", (workbook).

PROCEDURE:

1. Obtain a copy of the text and workbook.
2. Read pages 13 through 27. Read pages 11 and 17 in workbook.
3. Upon completion of the reading assignment, list and describe the purpose of eight (8) sales records which may be used in the control of food sales of a restaurant on a separate sheet of paper. Complete the following questions in the workbook. Parts I and III on pages 12, 13, 14, and 15. Parts I and II on pages 18 and 19.
4. Turn in your answer sheet to the instructor.
5. Return the text.
6. Take the LAP test after completion of this LAP and LAP 27.12.03.02 "Beverage Control."
7. When this LAP is successfully completed, proceed to the next LAP.

Principal Author(s): B. Egan

File Code: 27.12.03.02.A2-0

Date Published: 3/24/75

Mountain-Plains Education & Economic Development Program, Inc.
(Zhagow AFB, Montana 59231

Learning Activity Package

Student: _____

Date: _____

PERFORMANCE ACTIVITY: Beverage Control

OBJECTIVE:

Given a restaurant, hotel/motel or a bar, identify the eight (8) most common methods of theft by bartenders and identify the countermeasures which may be used to prevent theft.

EVALUATION PROCEDURE:

Complete a student scored multiple-choice type of test. Successful completion is eight out of ten items.

RESOURCES:

Food and Beverage Cost Controls, Maizel, 1971.
"Food and Beverage Cost Controls", (workbook).

PROCEDURE:

1. Obtain a copy of the text.
2. Read pages 147 through 169.
3. Study figures 18.1 through 18.8 for additional information.
4. On a separate sheet of paper, list the eight (8) most common methods of theft used by bartenders. List at least one countermeasure for each method of theft. List a minimum total of twenty (20) countermeasures.
5. Read page 95 in workbook. Complete the following parts I and II. Read page 99 in workbook, complete the following parts I, III and IV on a separate sheet of paper.
6. Turn in your answer sheet to the instructor.
7. Return the text.
8. Take the LAP test after completion of this LAP and LAP 27.12.03.01 "Control of Food Sales."
9. When this LAP is successfully completed, proceed to the next LAP.

Principal Author(s): B. Egan

LAP TEST ANSWER KEY: FOOD SALES CONTROL/BEVERAGE CONTROL

LAP 01

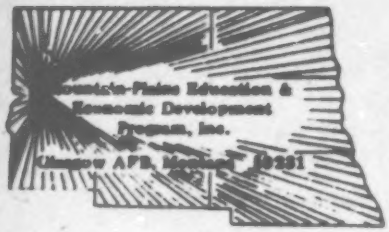
1. a
2. b
3. b
4. d
5. a

LAP 02

6. b
7. a
8. a
9. d
10. b

Student: _____ File Code: 27.12.03.01.A2-2
27.12.03.02.A2-2

Date: _____ Date Published: 9/12/74



LAP TEST: FOOD SALES CONTROL/BEVERAGE CONTROL

27.12.03.01

1. What involves estimating the periodic changes in the volume of business in a given accounting period?

   a. Forecasting of food sales and covers.
   b. Budgeting controls.
   c. Periodical control functions.
   d. Internal accounting controls.

2. What offers a method of computing expenditure as a percentage of anticipated food sales, so that costs remain at an acceptable percentage of sales?

   a. Periodical control functions.
   b. Budgeting controls.
   c. Food cost control.
   d. Internal accounting controls.

3. Which of the following is concerned with periodic tests of counted procedures to determine if they are effective and valid?

   a. Budgeting controls.
   b. Periodical control functions.
   c. Food cost control systems.
   d. Internal accounting controls.

4. How many basic areas of interest has the head controller?

   a. 10
   b. 4
   c. 2
   d. 6

5. Food cost percentage is a ratio expressed as:

   a. $\frac{\text{Cost of foods}}{\text{Food sales}}$
   b. $\frac{\text{Food sales}}{\text{Cost of foods}}$
   c. $\frac{\text{Food sales}}{\text{Billing consignment}}$
   d. $\frac{\text{Billing costs}}{\text{Wholesale costs}}$

27.12.03.02

6. When a dishonest bartender is under-charging, he may be:

   a. using a trick used in service bars.
   b. trying to encourage a large tip.
   c. cheating the customer, not the house.
   d. trying to collect twice.

7. When a dishonest bartender is mischarging, he is:

   a. trying to collect twice.
   b. cheating the customer, not the house.
   c. using the same check for different guests.
   d. hoping to get return favors.

8. When a dishonest bartender is using "shakedowns", he is:

   a. shaking beer barrels.
   b. trying to collect twice.
   c. using the same check for different guests.
   d. stealing cash outright.

9. When a dishonest bartender is "register thefting", he is:

   a. trying to collect twice on the same ticket to the same guest.
   b. using the same check for different guests.
   c. cheating the customer, not the house.
   d. stealing cash outright.

10. The beverage controller, in large, hates to perform duties similar to the:

   a. general manager.
   b. food controller.
   c. business manager.
   d. bartender.

File Code: 27.12.03.03.A2-0

Date Published: 3/24/75

Mountain-Plains Education & Economic Development Program, Inc.
Glasgow AFB, Montana 59231

Learning Activity Package

Student: _____

Date: _____

PERFORMANCE ACTIVITY: Menu Pricing

OBJECTIVE:

Given the cost per portion of each of 13 items on a commercial restaurant menu, and the percentage of markup, calculate the selling price of each item.

EVALUATION PROCEDURE:

Complete a student scored multiple-choice type of test. Successful completion is eight out of ten items.

RESOURCES:

Business Principles and Management, Shilt, Everard, Johns, 1973.
Food and Beverage Cost Controls, Maizel, 1971.
"Business Principles and Management", Study Guide.

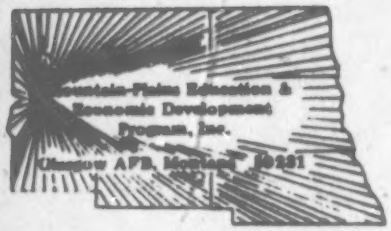
PROCEDURE:

1. Obtain a copy of each text and the study guide.
2. Read pages 115 through 133 in Business Principles and Management;
3. Study figures 7-1 through 7-6 in Business Principles and Management for additional information.
4. Read pages 83 through 88, and pages 97 through 100 in Food and Beverage Cost Controls.
5. Read problem 7-A on page 27 in Business Principles and Management study guide.
6. Complete questions 1 through 14 in problem 7-A in step 5.
7. Turn in your answer sheet to the instructor.
8. Return the text.
9. Take the LAP test. Correct all errors.
10. Ask instructor for unit test. After completion, hand to instructor for correction.
11. Ask instructor to schedule course test at testing center.

Principal Author(s): B. Egan

Student: _____ File Code: 27.12.03.03.A2-2

Date: _____ Date Published: 9/12/74



LAP TEST: MENU PRICING

1. In business in which competion is extremely keen, there is a tendency to set prices:

   a. slightly less than the actual cost of the average business.
   b. to cover only the actual costs of the average business.
   c. to a very minimum so as to draw customers.
   d. high, but have excellent service, entertainment, and decor.

2. When competition is keen:

   a. net profits are made by none of the businesses.
   b. net profits are made only by the most efficient business.
   c. gross profits are higher but net profits are lower.
   d. only the lucky ones create a profit.

3. The price of a novelty article that becomes popular is most likely to be the highest:

   a. after the demand for the article has begun to decline.
   b. about the time the article reaches its greatest popularity.
   c. just before the article becomes popular.
   d. when the article is being introduced.

4. The rate of turnover is determined by:

   a. dividing the cost of goods sold by the average inventory valued at the retail price.
   b. dividing the average inventory valued at the retail price by the net sales.
   c. dividing the average inventory valued at the cost price and multiplying by two.
   d. dividing the cost of goods sold by the average inventory valued at the cost price.

5. Which of the following is classed as a psychological price?

   a. $4.50
   b. $5.00
   c. $4.93
   d. $2.50

6. Which of the following is correct?

   a. The margin minus the operating expenses equals the net profit.
   b. The cost of the merchandise sold plus the operating expenses equals the selling price.
   c. The selling price minus the cost of the merchandise equals the net profit.
   d. The margin plus the operating expenses minus the net profit.

7. The department store's markups are usually expressed as a percent of the:

   a. selling price.
   b. operating expenses.
   c. cost price.
   d. net profit.

8. A margin of 33-1/3 percent of the selling price would be equivalent to a margin on the cost of:

   a. 50%.
   b. 33-1/3%.
   c. 25%.
   d. 66-2/3%.

9. On which of the following items is the percent of markdown usually highest?

   a. Leather goods.
   b. Men's clothing.
   c. Women's dresses.
   d. Staple goods.

10. Every restaurant has a markup of:

   a. two times cost.
   b. three times cost.
   c. five times cost.
   d. one times cost.

LAP TEST ANSWER KEY: MENU PRICING

1. b
2. b
3. b
4. d
5. c
6. a
7. a
8. a
9. c
10. b

Student: _____ File Code: 27.12.03.00.B2-2

Date: _____ Date Published: 9/12/74

Mountain-Plains Education & Economic Development Program, Inc.
Glasgow AFB, Montana 59231

UNIT POST TEST: FOOD AND BEVERAGE CONTROL

27.12.03.01

1. An important member of the management team in a hotel of any size is the person who has the function to increase efficiency and productivity and to provide other management with statistics that allow them to assess the operation. That person is:

   a. the food and beverage controller.
   b. the business manager.
   c. the general manager.
   d. the bookkeeper.

2. What deals with the merchandise and the paperwork produced by purchasing, receiving, storing and issuing in a large hotel system?

   a. Internal accounting controls.
   b. Food and cost control system.
   c. Budgeting controls.
   d. Periodical control functions.

3. What is designed to feed back information to management on the cost of food and other goods used in food production on a weekly, monthly, or even daily basis?

   a. Forecasting of food sales and covers.
   b. Internal accounting controls.
   c. Food cost control systems.
   d. Budgeting controls.

4. A food checker is a person who:

   a. checks the food when bought by the food and beverage purchasers.
   b. checks the items which come out of a kitchen with what is on a guest check.
   c. checks the food before being bought from the wholesaler.
   d. checks food for the government to determine its grade.

5. Food cost percentage is a ratio expressed as:

   a. $\frac{\text{Cost of foods}}{\text{Food sales}}$
   b. $\frac{\text{Food sales}}{\text{Cost of foods}}$
   c. $\frac{\text{Food sales}}{\text{Billing consignment}}$
   d. $\frac{\text{Billing costs}}{\text{Wholesale costs}}$

27.12.03.01 (continued)

6. The type of a bar which supplies the dining room with liquor is the:

   a. service bar.
   b. cash bar.
   c. back bar.
   d. second bar.

7. When a dishonest bartender uses a paid check, he may:

   a. cheat the customer, not the house.
   b. use the same check for different guests.
   c. try to collect twice.
   d. give free drinks.

8. When a dishonest bartender is "selling", he is:

   a. selling liquor he brings in.
   b. using the same for different guests.
   c. cheating the customer, not the house.
   d. trying to collect twice.

9. When a dishonest bartender is serving free drinks, he is:

   a. trying to collect twice.
   b. encouraging large tips.
   c. using the same check for different guests.
   d. hoping to get return favors.

10. **When a dishonest bartender sells short drinks, he is:**

    a. cheating the house, not the customer.
    b. encouraging large tips.
    c. cheating the customer, not the house.
    d. hoping to get return favors.

27.12.03.03

11. When competition is keen:

    a. net profits are made by none of the businesses.
    b. net profits are made only by the most efficient business.
    c. gross profits are higher but net profits are lower.
    d. only the lucky ones create a profit.

27.12.03.03 (continued)

12. The rate of turnover is determined by:

    a. dividing the cost of goods sold by the average inventory valued at the retail price.
    b. dividing the average inventory valued at the retail price by the net sales.
    c. dividing the average inventory valued at the cost price and multiplying by two.
    d. dividing the cost of goods sold by the average inventory valued at the cost price.

13. Unit pricing in retail stores as applied to packages of a particular brand of cereal refers to the price:

    a. per ounce.
    b. per package regardless of the weight of the contents.
    c. for the purchase of more than one package of the same size.
    d. per pound.

14. Every restaurant has a markup of:

    a. two times cost.
    b. three times cost.
    c. five times cost.
    d. one times cost.

15. On the American plan, what is included in the room rate?

    a. Color T.V. and air conditioning.
    b. Nothing.
    c. Kids free.
    d. Meals.

UNIT POST TEST ANSWER KEY: FOOD AND BEVERAGE CONTROL

LAP 01	1.	a
	2.	a
	3.	c
	4.	b
	5.	a
LAP 02	6.	a
	7.	b
	8.	a
	9.	d
	10.	c
LAP 03	11.	b
	12.	d
	13.	a
	14.	b
	15.	d